

REVISED ANALYSIS

Franchise Tax Board

Author: Peace Analyst: Roger Lackey Bill Number: SB 129
Related Bills: See Prior Analysis Telephone: 845-3627 Original Date: 12-22-98
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Personal Information And Privacy Act Of 1999/Personal Information Collection & Disclosure

- _____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
_____ DEPARTMENT POSITION CHANGED TO _____.
☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED December 22, 1998, STILL APPLIES.
☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would create the Personal Information and Privacy Act of 1999, which would limit the ability of any state or local governmental agency, business or not-for-profit organization to collect and use personal information about individuals.

SUMMARY OF REVISION

The revenue estimate provided in the department's prior bill analysis of SB 129 as introduced December 22, 1998, was a preliminary estimate. As a result, an updated revised revenue estimated has been provided below.

Except for the discussion in this analysis, the department's analysis of SB 129 as introduced December 22, 1998, still applies.

Tax Revenue Estimate

A large portion of all audit, collection, and non-tax debt activities require the collection and use of "personal information." If this bill were to eliminate the department's authority to collect, use, and share such information the state would sustain the following revenue losses totaling **\$1.98 billion** annually:

Collection Program: \$680 million

(\$300 million of which is filing enforcement)

The Collection Program depends on various sources such as other state agencies, banks, credit bureaus, Lexis/Nexis, and other resources to obtain personal information to locate taxpayers and their assets for the purpose of collecting delinquent tax liabilities. If this bill were to eliminate the department's authority to collect, use, and share "personal information" without the taxpayer's prior approval, the state would lose approximately \$680 million in annual collections.

Board Position:

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Legislative Director

Date

Johnnie Lou Rosas

3-22-1999

Audit Program: \$1.1 billion

(\$302 million of which is based on federal audit reports)

The audit program also depends on various sources such as other state agencies, banks, credit bureaus, Lexis/Nexis, in addition to the Internal Revenue Service (IRS) and other resources to obtain personal information to locate and verify information provided by a taxpayer upon filing their taxes. If the department loses the authority to use personal information without first contacting the taxpayer, it would severely limit the department's ability to effectively gain compliance from taxpayers being audited. In addition, the department's information sharing agreement with the IRS could be jeopardized since to use the information furnished by the IRS, the department would have to inform the taxpayer of the personal information that the department intended to use. Thus, the department would be disclosing federal information, which can include information other than that provided by the taxpayer. This disclosure could lead to the IRS withdrawing from the established information sharing agreement and jeopardizing the approximately \$302 million annually generated by the department's information sharing agreement with the IRS.

Therefore, if the department's authority to use personal information is limited, the state would be in jeopardy of losing the approximate \$1.1 billion in annual revenue provided by the department's audit program.

Non-tax debt: \$200 million

The non-tax debt program consists of child support collections, vehicle registration, and court-ordered debt. These programs much like the collection and audit programs heavily rely on the use of personal information obtained from the various resources mentioned above. If the department's ability to use "personal information" is limited, the state would be in jeopardy of losing the approximate annual \$200 million in revenue currently generated by these programs.